

LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: SB 159 SLS 09RS 314

Bill Text Version: ENGROSSED

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:



Date: June 10, 2009	1:21 PM	Author: MARIONNEAUX
Dept./Agy.: Economic Development		
Subject: Entertainment Industry Tax Credits		Analyst: Greg Albrecht

TAX/INCOME/PERSONALEG -\$12,500,000 GF RV See NotePage 1 of 1

Provides that movie investor tax credits, digital interactive media credits, and musical and theatrical production credits are "earned" when they are certified. (gov siq)

Current law provides that tax credits are allowed for infrastructure project expenditures made after December 31, 2008 only if 50% of the project’s initially certified total base investment has been expended by that date.

Proposed law allows transactions qualifying for this requirement to include a transaction in which the obligation is secured by the object of the transaction and the maturity date for such obligation occurs after December 31, 2008, if such transaction was executed prior to December 31, 2008.

Proposed law provisions shall be applied retroactively.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The Department of Economic Development reports that the language of the bill will allow at least two infrastructure projects to qualify for tax credits on the basis of transactions that apparently do not involve actual expenditures of cash for the attainment of goods or services prior to December 31, 2008. Total base investment of these projects is over \$30.1 million, involving some \$12.5 million of tax credits. No tax credits have yet been issued to these projects. In the absence of this bill these tax credits would not be issued and could not be realized against state tax liabilities. Thus, this \$12.5 million of tax credits represents the state tax revenue loss exposure from this bill. According to LED the bulk of these credits are associated with one project (\$12 million) and currently would be expected to be issued in three to four years. LED could not indicate when credits associated with the smaller project (\$500,000) might be issued.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	H. Gordon Monk Legislative Fiscal Officer